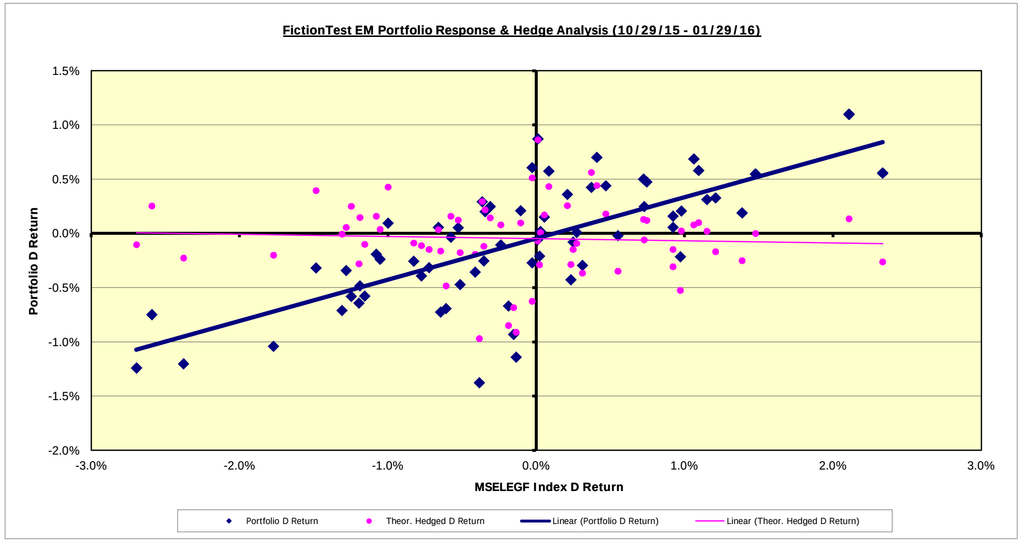
FictionTest EM Portfolio Response & Hedge Analysis (10/29/15 - 01/29/16): Correlation Matrix

Annualized Vol	9%	16%	17%	13%	24%	19%	15%	17%	17%	16%	16%
-	Portfolio D Return	MSELEGF Index	MSFLCDIS Index	MSFLCSTA Index	MSFLENR Index	MSFLFNCL Index	MSFLHC Index	MSFLIND Index	MSFLIT Index	MSFLMAT Index	MSFLTEL Index
Portfolio D Return	1.00	0.7	0.7	0.7	0.5	0.7	0.7	0.7	0.6	0.5	0.6
MSELEGF Index	0.71	1.0	0.9	0.9	0.9	1.0	0.8	1.0	0.9	0.9	0.9
MSFLCDIS Index	0.68	0.9	1.0	0.8	0.8	0.9	0.8	0.9	0.8	0.8	0.8
MSFLCSTA Index	0.66	0.9	0.8	1.0	0.8	0.9	0.8	0.9	0.7	0.8	0.8
MSFLENR Index	0.54	0.9	0.8	0.8	1.0	0.9	0.7	0.8	0.8	0.8	0.9
MSFLFNCL Index	0.74	1.0	0.9	0.9	0.9	1.0	0.8	1.0	0.9	0.8	0.9
MSFLHC Index	0.75	0.8	0.8	0.8	0.7	0.8	1.0	0.8	0.7	0.7	0.7
MSFLIND Index	0.70	1.0	0.9	0.9	0.8	1.0	0.8	1.0	0.9	0.8	0.9
MSFLIT Index	0.63	0.9	0.8	0.7	0.8	0.9	0.7	0.9	1.0	0.8	0.9
MSFLMAT Index	0.54	0.9	0.8	0.8	0.8	0.8	0.7	0.8	0.8	1.0	0.8
MSFLTEL Index	0.62	0.9	0.8	0.8	0.9	0.9	0.7	0.9	0.9	0.8	1.0

Theoretical Optimal Hedge Weights

Run Solver to Optimize Weights!!

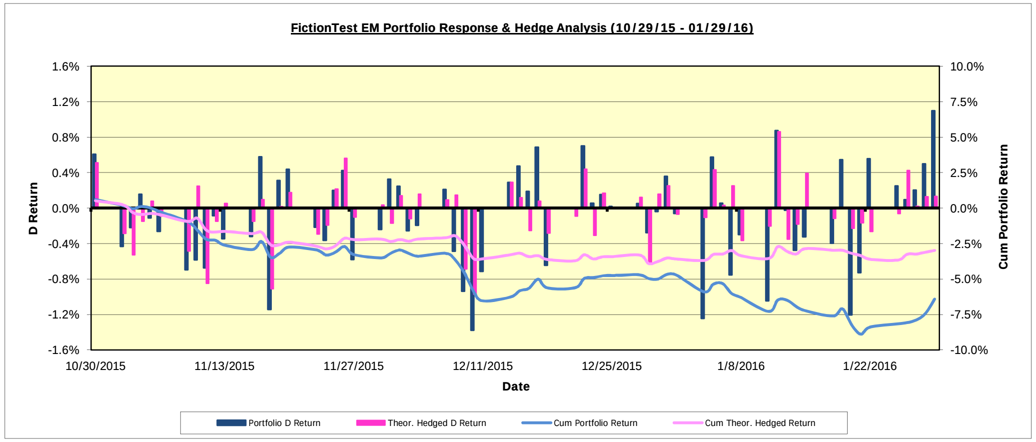
			-	
	-	-	*(10/29/15*	
Min eSSE	***0.08%***	-	*to 01/29/16)*	
	Optimal Weights	Annualized Vol	Cum Return	Sharpe Ratio
FictionTest EM	***41%***	***9%***	***-6%***	***(3.0)***
MSELEGF Index	**0%**	16%	-9%	*(2.2)*
MSFLCDIS Index	**0%**	17%	-7%	*(1.6)*
MSFLCSTA Index	**0%**	13%	-5%	*(1.5)*
MSFLENR Index	**0%**	24%	-7%	*(1.1)*
MSFLFNCL Index	**-19%**	19%	-13%	*(2.7)*
MSFLHC Index	**-24%**	15%	-4%	*(1.2)*
MSFLIND Index	**0%**	17%	-12%	*(2.7)*
MSFLIT Index	**-1%**	17%	-7%	*(1.7)*
MSFLMAT Index	**0%**	16%	-10%	*(2.6)*
MSFLTEL Index	**0%**	16%	-8%	*(1.9)*
Total Stand-alone Hedge	*-44%*	*7%*	*-4%*	*(2.1)*
Theoretical Hedged Port		***5%***	***-3%***	***(2.3)***
Correl(FictionTest EM,Total Stand-alone Hedge)		*0.78*		
		0.000%		

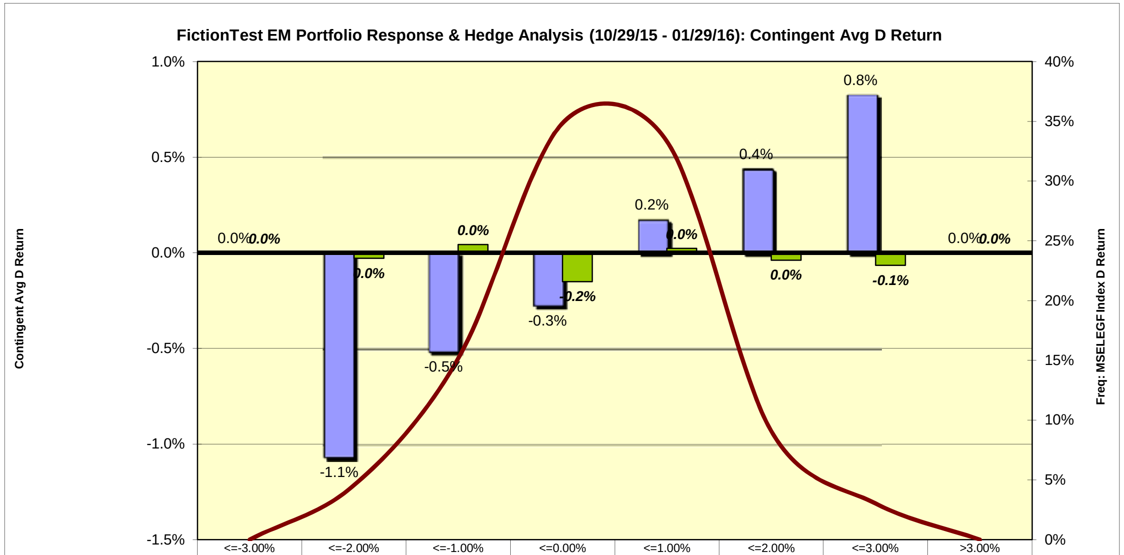


Note: analyis based on ccy-hedged local-market returns

Risk Advisors

Ensure left & right Y-axis scaling for consistent 0!!





	<=-3.00%	<=-2.00%	<=-1.00%	<=0.00%	<=1.00%	<=2.00%	<=3.00%	>3.00%
FictionTest EM	0.0%	-1.1%	-0.5%	-0.3%	0.2%	0.4%	0.8%	0.0%
Theoretical Hedged Port	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	-0.1%	0.0%
Freq: MSELEGF Index D Return	0%	5%	15%	35%	33%	9%	3%	0%

MSELEGF Index D Return Range

FictionTest EM   Theoretical Hedged Port   Freq: MSELEGF Index D Return

Note: analyis based on ccy-hedged local-market returns

- *<-- Correl Bucket [Correl(Ticker,MSELEGF Index D Return)] -->*

Low -ve Correl	Random	Low +ve Correl	Mod +ve Correl	Strong +ve Correl
	CHMF RM 0.04	CCOLA TI 0.26	SBSP3 BZ 0.51	688 HK 0.77
	128940 KS 0.12	PETR3 BZ 0.27	CHILE CI 0.53	
	AXIATA MK 0.14	BHIN IN 0.29	DTEX3 BZ 0.53	
	ENG PW 0.18	GRUPOSUR CB 0.29	NED SJ 0.54	
	BIDU US 0.21	OHLMEX* MM 0.30	PGAS IJ 0.56	
	SCCO US 0.24	MRP SJ 0.30	1114 HK 0.57	
	IDEA IN 0.24	HYDR RM 0.31	SRCM IN 0.59	
		LPP PW 0.32	UPLL IN 0.61	
		CSNA3 BZ 0.32	HDFC IN 0.62	
		028260 KS 0.33	SM PM 0.63	
		KOFL MM 0.35	867 HK 0.64	
		ODPV3 BZ 0.35	1816 HK 0.69	
		034020 KS 0.35	902 HK 0.71	
		GNP IN 0.36	813 HK 0.71	
		COLBUN CI 0.38	2607 HK 0.73	
		023530 KS 0.40	165 HK 0.73	
		KOMB CP 0.41		
		TLKM IJ 0.43		
		MSS IN 0.43		
		ARCLK TI 0.43		
		ANDINAB CI 0.43		
		151 HK 0.44		
		047810 KS 0.45		
		MOL HB 0.47		
		SMRA IJ 0.48		
		2385 TT 0.50		

Correl Bucket	er,MSELEGF Index D Return)	Long	Short	- Net	- Beta wrt MSELEGF Index D Return Risk-adj Net
	(0.50)				
Low -ve Correl	(0.25)	0%	0%	0%	0%
Random	0.25	4%	-2%	2%	0%
Low +ve Correl	0.50	43%	-22%	22%	12%
Mod +ve Correl	0.75	26%	-9%	17%	27%
Strong +ve Correl	1.00	0%	0%	0%	0%
Total		*74%*	*-33%*	*41%*	*38%*